

**As Reported by the Senate Finance and Financial Institutions
Committee**

**128th General Assembly
Regular Session
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Sub. S. B. No. 5

Senator Buehrer

Cosponsor: Senator Seitz

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A B I L L

To amend sections 175.01 and 175.04 and to enact 1
sections 175.30 to 175.35 of the Revised Code to 2
create the Grants for Grads Program. 3

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 175.01 and 175.04 be amended and 4
sections 175.30, 175.31, 175.32, 175.33, 175.34, and 175.35 of the 5
Revised Code be enacted to read as follows: 6

Sec. 175.01. As used in ~~this chapter~~ sections 175.01 to 7
175.13 of the Revised Code: 8

(A) "Bonds" means bonds, notes, debentures, refunding bonds, 9
refunding notes, and other obligations. 10

(B) "Financial assistance" means grants, loans, loan 11
guarantees, an equity position in a project, and loan subsidies. 12

(C) "Grant" means funding for which repayment is not 13
required. 14

(D) "Homeownership program" means any program for which the 15
Ohio housing finance agency provides financing, directly or 16
indirectly, for the purchase of housing for owner-occupancy. 17

(E) "Housing" means housing for owner-occupancy and multifamily rental housing. 18
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(F) "Housing development fund" means the housing development fund created and administered pursuant to section 175.11 of the Revised Code. 20
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(G) "Housing finance agency personal services fund" means the housing finance agency personal services fund created and administered pursuant to section 175.051 of the Revised Code. 23
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(H) "Housing for owner-occupancy" means housing that is intended for occupancy by an owner as a principal residence. "Housing for owner-occupancy" may be any type of structure and may be owned in any form of ownership. 26
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(I) "Housing trust fund" means the low- and moderate-income housing trust fund created and administered pursuant to Chapter 174. of the Revised Code. 30
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(J) "Improvement" means any alteration, remodeling, addition, or repair that substantially protects or improves the basic habitability or energy efficiency of housing. 33
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(K) "Lending institution" means any financial institution qualified to conduct business in this state, a subsidiary corporation that is wholly owned by a financial institution qualified to conduct business in this state, and a mortgage lender whose regular business is originating, servicing, or brokering real estate loans and who is qualified to do business in this state. 36
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(L) "Loan" means any extension of credit or other form of financing or indebtedness extended directly or indirectly to a borrower with the expectation that it will be repaid in accordance with the terms of the underlying loan agreement or other pertinent document. "Loan" includes financing the Ohio housing finance agency extends to lending institutions and indebtedness the agency 43
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purchases from lending institutions. 49

(M) "Loan guarantee" means any agreement in favor of a 50
lending institution, bondholder, or other lender in which the 51
credit and resources of the housing finance agency or the housing 52
trust fund are pledged to secure the payment or collection of 53
financing extended to a borrower for the acquisition, 54
construction, improvement, rehabilitation, or preservation of 55
housing or to refinance any financing previously extended for 56
those purposes. 57

(N) "Loan subsidy" means any deposit of funds the Ohio 58
housing finance agency holds or administers into a lending 59
institution with the authorization or direction that the income or 60
revenues the deposit earns, or could have earned at competitive 61
rates, be applied directly or indirectly to the benefit of housing 62
assistance or financial assistance. 63

(O) "Low- and moderate-income persons" means individuals and 64
families who qualify as low- and moderate-income persons pursuant 65
to guidelines the agency establishes. 66

(P) "Multifamily rental housing" means multiple unit housing 67
intended for rental occupancy. 68

(Q) "Nonprofit organization" means a nonprofit organization 69
in good standing and qualified to conduct business in this state 70
including any corporation whose members are members of a 71
metropolitan housing authority. 72

(R) "Owner" means any person who, jointly or severally, has 73
legal or equitable title to housing together with the right to 74
control or possess that housing. "Owner" includes a purchaser of 75
housing pursuant to a land installment contract if that contract 76
vests possession and maintenance responsibilities in the 77
purchaser, and a person who has care or control of housing as 78
executor, administrator, assignee, trustee, or guardian of the 79

estate of the owner of that housing. 80

(S) "Security interest" means any lien, encumbrance, pledge, 81
assignment, mortgage, or other form of collateral the Ohio housing 82
finance agency holds as security for financial assistance the 83
agency extends or a loan the agency acquires. 84

Sec. 175.04. (A) The governor shall appoint a chairperson 85
from among the members of the Ohio housing finance agency. The 86
agency members shall elect a member as vice-chairperson. The 87
agency members may appoint other officers, who need not be members 88
of the agency, as the agency deems necessary. 89

(B) Six members of the agency constitute a quorum and the 90
affirmative vote of six members is necessary for any action the 91
agency takes. No vacancy in agency membership impairs the right of 92
a quorum to exercise all of the agency's rights and perform all 93
the agency's duties. Agency meetings may be held at any place 94
within the state. Meetings shall comply with section 121.22 of the 95
Revised Code. 96

(C) The agency shall maintain accounting records in 97
accordance with generally accepted accounting principals and other 98
required accounting standards. 99

(D) The agency shall develop policies and guidelines for the 100
administration of its programs and annually shall conduct at least 101
one public hearing to obtain input from any interested party 102
regarding the administration of its programs. The hearing shall be 103
held at a time and place as the agency determines and when a 104
quorum of the agency is present. 105

(E) The agency shall appoint committees and subcommittees 106
comprised of members of the agency to handle matters it deems 107
appropriate. 108

(1) The agency shall adopt an annual plan to address this 109

state's housing needs. The agency shall appoint an annual plan committee to develop the plan and present it to the agency for consideration.

(2) The annual plan committee shall select an advisory board from a list of interested individuals the executive director provides or on its own recommendation. The advisory board shall provide input on the plan at committee meetings prior to the annual public hearing. At the public hearing, the committee shall discuss advisory board comments. The advisory board may include, but is not limited to, persons who represent state agencies, local governments, public corporations, nonprofit organizations, community development corporations, housing advocacy organizations for low- and moderate-income persons, realtors, syndicators, investors, lending institutions as recommended by a statewide banking organization, and other entities participating in the agency's programs.

Each agency program that allows for loans to be made to finance housing for owner occupancy that benefits other than low- and moderate-income households, or for loans to be made to individuals under bonds issued pursuant to division (B) of section 175.08 of the Revised Code, shall be presented to the advisory board and included in the annual plan as approved by the agency before the program's implementation.

(F) The agency shall prepare an annual financial report describing its activities during the reporting year and submit that report to the governor, the speaker of the house of representatives, and the president of the senate within three months after the end of the reporting year. The report shall include the agency's audited financial statements, prepared in accordance with generally accepted accounting principles and appropriate accounting standards.

(G) The agency shall prepare an annual report of its programs

describing how the programs have met this state's housing needs. 142
The agency shall submit the report to the governor, the speaker of 143
the house of representatives, and the president of the senate 144
within three months after the end of the reporting year. 145

(H) The agency shall prepare an annual report regarding the 146
grants for grads program created under section 175.31 of the 147
Revised Code describing the number and dollar amount of grants 148
awarded, and the activities of the agency under sections 175.30 to 149
175.35 of the Revised Code, during the previous calendar year. The 150
agency shall submit the report to the governor, director of 151
development, chancellor of the Ohio board of regents, president of 152
the senate, and speaker of the house of representatives. 153

Sec. 175.30. As used in sections 175.30 to 175.35 of the 154
Revised Code: 155

(A) "First home" or "home" means the first residential real 156
property located in this state to be purchased by a grantee who 157
has not owned or had an ownership interest in a principal 158
residence in the three years prior to the purchase. 159

(B) "Graduate" means an individual who has graduated from an 160
institution of higher education and who is eligible under division 161
(B) of section 175.31 of the Revised Code to apply for a grant 162
awarded under the grants for grads program. 163

(C) "Grant" means a cash payment awarded to a grantee by the 164
Ohio housing finance agency under section 175.32 of the Revised 165
Code. 166

(D) "Grantee" means an individual who has been awarded a 167
grant under the program. 168

(E) "Institution of higher education" means a state 169
university or college located in this state, a private college or 170
university located in this state that possesses a certificate of 171

authorization issued by the Ohio board of regents under Chapter 172
1713. of the Revised Code, or an accredited college or university 173
located outside this state that is accredited by an accrediting 174
organization or professional accrediting association recognized by 175
the Ohio board of regents. 176

(F) "Ohio resident" means any of the following: 177

(1) An individual who was a resident of this state at the 178
time of the individual's graduation from an Ohio public or 179
nonpublic high school that is approved by the state board of 180
education, and who is a resident of this state at the time of 181
applying for the program; 182

(2) An individual who was a resident of this state at the 183
time of completing, through the twelfth-grade level, a home study 184
program approved by the state board of education, and who is a 185
resident of this state at the time of applying for the program; 186

(3) An individual whose parent was a resident of this state 187
at the time of the individual's graduation from high school, and 188
who graduated from either of the following: 189

(a) An out-of-state high school that was accredited by a 190
regional accrediting organization recognized by the United States 191
department of education and met standards at least equivalent to 192
those adopted by the state board of education for approval of 193
nonpublic schools in this state; 194

(b) A high school approved by the United States department of 195
defense. 196

(G) "Program" means the grants for grads program created 197
under section 175.31 of the Revised Code. 198

Sec. 175.31. (A) There is hereby created the grants for grads 199
program for the purpose of providing grants to Ohio residents who 200
have received an associate, baccalaureate, master's, doctoral, or 201

other postgraduate degree, which grants shall be used by a grantee 202
to pay for the down payment or closing costs on the purchase of a 203
first home. The program shall be administered by the Ohio housing 204
finance agency using moneys available to it. Participation in the 205
program shall require a graduate to be eligible under division (B) 206
of this section and to file an application for the grant in 207
accordance with division (C) of this section. 208

(B)(1) A graduate is eligible to participate in the program 210
if the graduate: 211

(a) Is an Ohio resident who has received an associate, 212
baccalaureate, master's, doctoral, or other postgraduate degree 213
from an institution of higher education; 214

(b) Is able to provide to the agency evidence documenting the 215
graduate's Ohio residency and documenting graduation from a high 216
school and an institution of higher education; 217

(c) Intends to live and work in this state for at least five 218
years after the graduate's graduation or completion of a degree 219
described in division (B)(1)(a) of this section; and 220

(d) Intends to purchase a first home in this state. 221

(2) Married graduates may both apply for grants under the 222
program and both graduates, if eligible, shall be included in the 223
lottery pool under section 175.32 of the Revised Code. 224

(3) A graduate who is married to an individual who has 225
previously received a grant under the program is ineligible to 226
apply for a grant under this section. 227

(C) A graduate who is eligible under division (B) of this 228
section to participate in the program shall file an application 229
with the Ohio housing finance agency not later than the sixtieth 230
day after the graduate's graduation date or date of completion of 231

a degree described in division (B)(1)(a) of this section, except 232
that for purposes of the initial lottery conducted under the 233
program, a graduate is eligible to file an application if the 234
graduate's graduation date or date of completion of a degree 235
occurs on or after January 1, 2008. Married graduates who both are 236
eligible for a grant under the program shall apply individually. 237
The agency shall provide for the content and format of the 238
application. A graduate who files an application under this 239
division is ineligible to file an application for a grant in any 240
other six-month period. 241

(D) The application shall include information as determined 242
by rule of the Ohio housing finance agency under section 175.34 of 243
the Revised Code, but at a minimum shall include evidence of 244
meeting the requirements in division (B) of this section. 245

(E) A graduate who, at any time during the period from filing 246
the application for a grant until a grant is awarded, has been 247
found by the state to be delinquent in the payment of individual 248
income taxes is ineligible to receive a grant under the program. 249

Sec. 175.32. (A) After selecting graduates pursuant to 250
division (B) of this section, the Ohio housing finance agency 251
shall review each application selected for compliance and 252
accuracy, and shall determine whether a graduate is eligible to 253
receive a grant and the amount thereof, based on the information 254
provided to the agency in the application. An application found by 255
the agency to be insufficient may be resubmitted by the selected 256
graduate within sixty days. If the application is not resubmitted 257
or the resubmitted application is found to be insufficient, the 258
selected graduate shall not receive a grant. 259

(B)(1) Grants shall be provided from moneys in the grants for 260
grads fund. A grant shall be given to a graduate whose application 261
has been determined by the agency to meet the requirements of 262

section 175.31 of the Revised Code and to be timely and complete, 263
and who has been selected as one of one hundred fifty grantees in 264
a random lottery conducted by the agency twice a year, by the 265
thirty-first day of January and by the thirty-first day of July of 266
each year. The lottery pool shall include all graduate applicants 267
who have filed applications within the six months immediately 268
preceding the date on which the lottery is conducted. In addition, 269
fifty alternate grantees shall be selected in the random lottery 270
to receive any additional moneys available in the grants for grads 271
fund after grants are awarded to the eligible grantees first 272
selected for that six-month period. The alternate grantees shall 273
receive grants in the order they were selected in the lottery 274
until moneys for the six-month period are exhausted. 275

(2) If there are less than one hundred fifty applicants for 276
grants in a given six-month period, the lottery shall be dispensed 277
with and all applicants the agency determines under this section 278
to be eligible for grants shall be awarded grants. 279

(C) The awarding of a grant shall be evidenced by written 280
notification to the grantee, which notification shall clearly 281
state the amount of the grant and the starting and ending dates of 282
the award period. The agency shall provide the notification to 283
selected grantees within sixty days after completion of the 284
lottery. The award period shall be from the start date through the 285
last day of the twenty-fourth month thereafter. 286

(D) The amount of each grant awarded to a grantee who 287
received a notification under division (C) of this section shall 288
be as follows: 289

(1) For a grantee who received an associate degree, two 290
thousand five hundred dollars; 291

(2) For a grantee who received a baccalaureate degree, five 292
thousand dollars; 293

(3) For a grantee who received a post-graduate degree, ten thousand dollars. 294
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(E) The grant shall be provided to the grantee as a cash payment when the grantee obtains a mortgage loan, and the amount of the cash payment shall be applied in full only to pay all or a portion of the closing costs or down payment on the purchase of the grantee's first home. The grantee shall not receive any cash back at the time of the closing. The grantee must take receipt of the grant within the award period designated in the notification, and must use it within twenty-four months after taking receipt of the grant, after which the grant shall expire. 296
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Sec. 175.33. (A)(1) At the time a first home is purchased under the program, the Ohio housing finance agency shall secure the amount of the grant by a lien on the home for a period of five years. Such lien shall attach, and may be perfected, collected, and enforced in the same manner as a mortgage lien on the home, and shall otherwise have the same force and effect as a mortgage lien, except that it shall be subordinate to a mortgage lien securing any money loaned by a financial institution for the purchase of the home. 305
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(2) If the agency finds that a grantee failed to comply with the first home ownership criteria in division (A) of section 175.30 of the Revised Code, or otherwise applied for a grant using fraudulent information, the agency shall enforce the lien. 314
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(B)(1) If a grantee becomes a resident of another state and does not reside at least five years in a first home purchased with a grant awarded under the program, the amount of the lien created in division (A) of this section that may be collected shall be determined as follows: 319
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Months resided in first home Collectable amount as per 323
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	<u>cent of grant amount</u>	
<u>Less than 12 months</u>	<u>100%</u>	325
<u>12 months and a day to 24 months</u>	<u>80%</u>	326
<u>24 months and a day to 36 months</u>	<u>60%</u>	327
<u>36 months and a day to 48 months</u>	<u>40%</u>	328
<u>48 months and a day to 60 months</u>	<u>20%</u>	329

The lien created under division (A) of this section shall be 330
extinguished upon collection pursuant to this division. 331

(2) A lien created under division (A)(1) of this section 332
shall be extinguished if the grantee, within the five-year period, 333
moves to another residence located in this state. 334

Sec. 175.34. (A) The Ohio housing finance agency shall adopt 335
rules under Chapter 119. of the Revised Code to carry out the 336
purposes of the grants for grads program. 337

(B) The agency shall internally audit the program and the 338
grants for grads fund before the beginning of each calendar year. 339
At the end of each calendar year, the agency shall prepare and 340
submit an annual report to the advisory board created pursuant to 341
section 175.04 of the Revised Code, specifying the internal audit 342
work completed by the end of that calendar year and reporting on 343
compliance with the annual internal audit program. 344

Sec. 175.35. There is hereby created in the state treasury 345
the grants for grads fund. The fund shall consist of all 346
appropriations made to the fund and grants, gifts, and 347
contributions of money made from any source to the Ohio housing 348
finance agency for deposit in the fund. The fund shall be 349
administered by the agency and is for use in providing grants to 350
graduates participating in, and for implementing and 351
administering, the program. Moneys in the fund shall be invested 352
by the treasurer of state in the same manner as moneys in the 353

general revenue fund, and earnings on the investments of the fund 354
shall be deposited into the fund. 355

Section 2. That existing sections 175.01 and 175.04 of the 356
Revised Code are hereby repealed. 357